

**GOLDBERG, KOHN, BELL, BLACK, ROSENBLOOM & MORITZ, LTD.**

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2-244A040

August 26, 1992

17931  
RECORDATION TO FILED 1423

AUG 31 1992-3 35 PM

INTERSTATE COMMERCE COMMISSION

Aug 31 3 30 PM '92  
RECEIVED UNIT

COUNSEL

ROBERT K. BROOKMAN  
JEANNE BOXER ETTELSON

Interstate Commerce Commission  
12th and Constitutional Avenue N.W.  
Washington, D.C. 20423

Attention: Mildred Lee  
Room 2303

Re: Piolet Bros. Scrap Iron & Metal Limited Partnership

Dear Ms. Lee:

I enclose an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Loan and Security Agreement, a primary document dated November 15, 1991. The names and addresses of the parties to the document are as follows:

**Borrower:** Piolet Bros. Scrap Iron & Metal Limited Partnership, an Illinois limited partnership  
7955 West 59th Street  
Argo, Illinois 60501

**Lender:** LaSalle National Bank, a national banking association  
120 South LaSalle Street  
Chicago, Illinois 60603

Interstate Commerce Commission  
August 26, 1992  
Page 2

A description of the equipment covered by the document follows:

Railroad cars and locomotives of various makes, models and sizes held for processing into scrap metal and iron.

A fee of \$16.00 is enclosed. Please return the original Loan and Security Agreement and any extra copies not needed by the Commission for recordation to me at the address indicated on this letterhead.

Very truly yours,



Andrew W. Marks

AWM/cc  
Enclosures

# LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") made this 15 day of November, 19 91 by and between LASALLE NATIONAL BANK, a national banking association ("Bank"), LaSalle and Monroe Streets, Chicago, Illinois 60603, and Pielet Bros. Scrap Iron & Metal Limited Partnership, 7955 West 59th Street, Argo, Illinois 60501

[Insert entity designation(s) and address(es) of principal place of business].

RECORDATION NO 17931 FILED 1425

WITNESSETH:

AUG 31 1992-3 35 PM

INTERSTATE COMMERCE COMMISSION

WHEREAS, Borrower may, from time to time, request Loans from Bank, and the parties wish to provide for the terms and conditions upon which such Loans, if made by Bank, shall be made;

NOW, THEREFORE, in consideration of any Loan (including any Loan by renewal or extension) hereafter made to Borrower by Bank, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Borrower, the parties agree as follows:

## 1. DEFINITIONS.

(a) "Account," "Account Debtor," "Chattel Paper," "Documents," "Equipment," "General Intangibles," "Goods," "Instruments," and "Inventory," shall have the respective meanings assigned to such terms, as of the date of this Agreement, in the Illinois Uniform Commercial Code.

(b) "Affiliate" shall mean any Person directly or indirectly controlling, controlled by or under common control with Borrower.

(c) "Collateral" shall mean all of the property of Borrower described in paragraph 4 hereof, together with all other real or personal property of any Obligor or any other Person now or hereafter pledged to Bank to secure, either directly or indirectly, repayment of any of the Liabilities.

(d) "Eligible Account" shall mean an Account owing to Borrower which is acceptable to Bank in its sole discretion for lending purposes. Without limiting Bank's discretion, Bank shall, in general, consider an Account to be an Eligible Account if it meets, and so long as it continues to meet, the following requirements:

(i) it is genuine and in all respects what it purports to be;

(ii) it is owned by Borrower and Borrower has the right to subject it to a security interest in favor of Bank or assign it to Bank;

(iii) it arises from (A) the performance of services by Borrower and such services have been fully performed and acknowledged and accepted by the Account Debtor thereunder; or (B) the sale or lease of Goods by Borrower, and such Goods have been completed in accordance with the Account Debtor's specifications (if any) and delivered to and accepted by the Account Debtor, such Account Debtor has not refused to accept and has not returned or offered to return any of the Goods, or has not refused to accept any of the services, which are the subject of such Account, and Borrower has possession of, or has delivered to Bank at Bank's request, shipping and delivery receipts evidencing delivery of such Goods;

(iv) it is evidenced by an invoice rendered to the Account Debtor thereunder, is due and payable within ninety (90) days after the date of the invoice and does not remain unpaid past the due date thereof, provided, however, that if more than ten percent (10%) of the aggregate dollar amount of invoices owing by a particular Account Debtor remain unpaid after the respective due dates thereof, then all Accounts owing by that Account Debtor shall be deemed ineligible;

(v) it is not subject to any prior assignment, claim, lien, security interest or encumbrance whatsoever, other than Permitted Liens and the security interest granted to Bank hereunder;

(vi) it is a valid, legally enforceable and unconditional obligation of the Account Debtor thereunder, and is not subject to setoff, counterclaim, credit, allowance or adjustment by such Account Debtor, or to any claim by such Account Debtor denying liability thereunder in whole or in part;

(vii) it does not arise out of a contract or order which fails in any material respect to comply with the requirements of applicable law;

(viii) the Account Debtor thereunder is not a director, officer, employee or agent of Borrower, or a Subsidiary, Parent or Affiliate, unless the Account arises out of a transaction permitted by paragraph 10(i) hereof and is otherwise an Eligible Account;

(x) it is not an Account with respect to which the Account Debtor is the United States of America or any department, agency or instrumentality thereof, unless Borrower assigns its right to payment of such Account to Bank pursuant to, and in full compliance with, the Assignment of Claims Act of 1940, as amended;

(xi) it is not an Account with respect to which the Account Debtor is located in a state which requires Borrower, as a precondition to commencing or maintaining an action in the courts of that state, either to (A) receive a certificate of authority to do business and be in good standing in such state, or (B) file a notice of business activities report or similar report with such state's taxing authority, unless (x) Borrower has taken one of the actions described in clauses (A) or (B), (y) the failure to take one of the actions described in either clause (A) or (B) may be cured retroactively by Borrower at its election, or (z) Borrower has proven, to Bank's satisfaction, that it is exempt from any such requirements under any such state's laws;

(xi) it is an Account which arises out of a sale made in the ordinary course of Borrower's business;

(xii) the Account Debtor is a resident or citizen of, and is located within, the United States of America;

(xiii) it is not an Account with respect to which the Account Debtor's obligation to pay is conditional upon the Account Debtor's approval of the Goods or services or is otherwise subject to any repurchase obligation or return right, as with sales made on a bill-and-hold, guaranteed sale, sale on approval, sale or return or consignment basis;

for more than ninety (90) days after the date of the invoice

- (xiv) it is not an Account (A) with respect to which any representation or warranty contained in this Agreement is untrue or (B) which violates any of the covenants of Borrower contained in this Agreement;
- (xv) it is not an Account which, when added to a particular Account Debtor's other indebtedness to Borrower, exceeds a credit limit determined by Bank in its sole discretion for that Account Debtor (except that Accounts excluded from Eligible Accounts solely by reason of this paragraph 1(d)(xv) hereof shall be Eligible Accounts to the extent of such credit limit); and
- (xvi) it is not an Account with respect to which the prospect of payment or performance by the Account Debtor is or will be impaired, as determined by Bank in its sole discretion.
- (e) **"Eligible Inventory"** shall mean Inventory of Borrower which is acceptable to Bank in its sole discretion for lending purposes. Without limiting Bank's discretion, Bank shall, in general, consider Inventory to be Eligible Inventory if it meets, and so long as it continues to meet, the following requirements:
- (i) it is owned by Borrower and Borrower has the right to subject it to a security interest in favor of Bank;
  - (ii) it is located on the premises listed on Exhibit B and is not in transit;
  - (iii) it is not subject to any prior assignment, claim, lien, security interest or encumbrance whatsoever, other than Permitted Liens and the security interest granted to Bank hereunder;
  - (iv) if held for sale or lease or furnishing under contracts of service, it is (except as Bank may otherwise consent in writing) ~~new and unused and~~ free from defects which would, in Bank's sole determination, affect its market value;
  - (v) it is not stored with a bailee, consignee, warehouseman, processor or similar party unless Bank has given its prior written approval and Borrower has caused any such bailee, consignee, warehouseman, processor or similar party to issue and deliver to Bank, in form and substance acceptable to Bank such UCC financing statements, warehouse receipts, waivers and other documents as Bank shall require;
  - (vi) Bank has determined in accordance with Bank's customary business practices that it is not unacceptable due to age, type, category or quantity; and
  - (vii) it is not Inventory (A) with respect to which any of the representations and warranties contained in this Agreement are untrue or (B) which violates any of the covenants of Borrower contained in this Agreement.
- (f) **"Event of Default"** shall have the meaning specified in paragraph 12 hereof.
- (g) **"Exhibit A"** shall mean the exhibit entitled Exhibit A—Special Provisions which is attached hereto and made a part hereof.
- (h) **"Exhibit B"** shall mean the exhibit entitled Exhibit B—Business and Collateral Locations which is attached hereto and made a part hereof.
- (i) **"Indemnified Party"** shall have the meaning specified in paragraph 14 hereof.
- (j) **"Liabilities"** shall mean any and all obligations, liabilities and indebtedness of Borrower to Bank or to any parent, affiliate or subsidiary of Bank of any and every kind and nature, howsoever created, arising or evidenced and howsoever owned, held or acquired, whether now or hereafter existing, whether now due or to become due, whether primary, secondary, direct, indirect, absolute, contingent or otherwise (including, without limitation, obligations of performance), whether several, joint or joint and several, and whether arising or existing under written or oral agreement or by operation of law.
- (k) **"Loan"** or **"Loans"** shall mean all advances made by Bank to Borrower pursuant to paragraph 2 hereof and all other loans, advances and financial accommodations made by Bank to or on behalf of Borrower hereunder.
- (l) **"Loan Limit"** shall have the meaning specified in paragraph 1 of Exhibit A.
- (m) **"Lock Box"** and **"Lock Box Account"** shall have the meanings specified in paragraph 7 hereof.
- (n) **"Obligor"** shall mean Borrower and each Person who is or shall become primarily or secondarily liable for any of the Liabilities.
- (o) **"Original Term"** shall have the meaning specified in paragraph 9 hereof.
- (p) **"Other Agreements"** shall mean all agreements, instruments and documents, including, without limitation, guaranties, mortgages, trust deeds, pledges, powers of attorney, consents, assignments, contracts, notices, security agreements, leases, financing statements and all other writings heretofore, now or from time to time hereafter executed by or on behalf of Borrower or any other Person and delivered to Bank or to any parent, affiliate or subsidiary of Bank in connection with the Liabilities or the transactions contemplated hereby.
- (q) **"Parent"** shall mean any Person now or at any time or times hereafter owning or controlling (alone or with any other Person) at least a majority of the issued and outstanding stock of Borrower or any Subsidiary.
- (r) **"Permitted Liens"** shall mean (i) statutory liens of landlord's, carriers, warehousemen, mechanics, materialmen or suppliers incurred in the ordinary course of business and securing amounts not yet due or declared to be due by the claimant thereunder, (ii) liens or security interests in favor of Bank, (iii) zoning restrictions and easements, licenses, covenants and other restrictions affecting the use of real property that do not individually or in the aggregate have a material adverse effect on Borrower's ability to use such real property for its intended purpose in connection with Borrower's business, and (iv) liens specifically permitted by Bank in writing.
- (s) **"Person"** shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, entity, party or foreign or United States government (whether federal, state, county, city, municipal or otherwise), including, without limitation, any instrumentality, division, agency, body or department thereof.
- (t) **"Renewal Term"** shall have the meaning specified in paragraph 9 hereof.
- (u) **"Subsidiary"** shall mean any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time stock of any other class of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by Borrower or by any partnership or joint venture of which more than fifty percent (50%) of the outstanding equity interests are at the time, directly or indirectly, owned by Borrower.
- (v) **"Tangible Net Worth"** shall have the meaning specified in paragraph 11(o) hereof.

## 2. LOANS.

Subject to the terms and conditions of this Agreement (including Exhibit A) and the Other Agreements, during the Original Term and any Renewal Term, Bank may, in its sole discretion, make such Loans to Borrower as Borrower shall from time to time request. The aggregate unpaid principal of all Loans outstanding at any one time shall not exceed the Loan Limit set forth in Exhibit A and shall bear interest at the rates set forth in Exhibit A. **ALL LOANS SHALL BE REPAYED BY BORROWER UPON DEMAND BY BANK.** Prior to Bank making such demand, Loans shall be repaid as provided elsewhere in this Agreement. If at any time the outstanding principal balance of the Loans exceeds the Loan Limit, or any portion of the Loans exceeds any applicable sublimit set forth in Exhibit A, Borrower shall immediately, and without the necessity of a demand by Bank, pay to Bank such amount as may be necessary to eliminate such excess and Bank shall apply such payment to the Liabilities in such order as Bank shall determine in its sole discretion. Borrower hereby authorizes Bank, in its sole discretion, to charge any of Borrower's accounts to make any payments of principal or interest required by this Agreement. All Loans shall, in Bank's sole discretion, be evidenced by one or more promissory notes in form and substance satisfactory to Bank. However, if such Loans are not so evidenced, such Loans may be evidenced solely by entries upon the books and records maintained by Bank.

## 3. FEES AND CHARGES.

Borrower shall pay to Bank, in addition to all other amounts payable hereunder, the fees and charges set forth in Exhibit A. It is the intent of the parties that the rate of interest and the other charges to Borrower under this Agreement shall be lawful; therefore, if for any reason the interest or other charges payable under this Agreement are found by a court of competent jurisdiction, in a final determination, to exceed the limit which Bank may lawfully charge Borrower, then the obligation to pay interest and other charges shall automatically be reduced to such limit and, if any amount in excess of such limit shall have been paid, then such amount shall be refunded to Borrower.

## 4. GRANT OF SECURITY INTEREST TO BANK.

As security for the payment of all Loans now or in the future made by Bank to Borrower hereunder and for the payment or other satisfaction of all other Liabilities, Borrower hereby assigns to Bank and grants to Bank a continuing security interest in the following property of Borrower, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located: (a) all Accounts (whether or not Eligible Accounts) and all Goods whose sale, lease or other disposition by Borrower has given rise to Accounts and have been returned to or repossessed or stopped in transit by Borrower; (b) all Chattel Paper, Instruments, Documents and General Intangibles (including, without limitation, all patents, patent applications, trademarks, trademark applications, tradenames, trade secrets, goodwill, copyrights, registrations, licenses, franchises, customer lists, tax refund claims, claims against carriers and shippers, guarantee claims, contracts rights, security interests, security deposits and any rights to indemnification); (c) all Inventory (whether or not Eligible Inventory); (d) all Goods (other than Inventory), including, without limitation, Equipment, vehicles and fixtures; (e) all deposits and cash and any other property of Borrower now or hereafter in the possession, custody or control of Bank or any agent or any parent, affiliate or subsidiary of Bank or any participant with Bank in the Loans for any purpose (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise); and (f) all additions and accessions to, substitutions for, and replacements, products and proceeds of the foregoing property, including, without limitation, proceeds of all insurance policies insuring the foregoing property, and all of Borrower's books and records relating to any of the foregoing and to Borrower's business.

## 5. PRESERVATION OF COLLATERAL AND PERFECTION OF SECURITY INTERESTS THEREIN.

Borrower shall, at Bank's request, at any time and from time to time, execute and deliver to Bank such financing statements, documents and other agreements and instruments (and pay the cost of filing or recording the same in all public offices deemed necessary or desirable by Bank) and do such other acts and things as Bank may deem necessary or desirable in order to establish and maintain a valid, attached and perfected security interest in the Collateral in favor of Bank (free and clear of all other liens, claims and rights of third parties whatsoever, whether voluntarily or involuntarily created, except Permitted Liens) to secure payment of the Liabilities, and in order to facilitate the collection of the Collateral. Borrower irrevocably hereby makes, constitutes and appoints Bank (and all Persons designated by Bank for that purpose) as Borrower's true and lawful attorney and agent-in-fact to execute such financing statements, documents and other agreements and instruments and do such other acts and things as may be necessary to preserve and perfect Bank's security interest in the Collateral. Borrower further agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement shall be sufficient as a financing statement.

## 6. POSSESSION OF COLLATERAL AND RELATED MATTERS.

Until an "Event of Default" (as hereinafter defined) has occurred, Borrower shall have the right, except as otherwise provided in this Agreement, in the ordinary course of Borrower's business, to (a) sell, lease or furnish under contracts of service any of Borrower's Inventory normally held by Borrower for any such purpose, and (b) use and consume any raw materials, work in process or other materials normally held by Borrower for such purpose; provided, however, that a sale in the ordinary course of business shall not include any transfer or sale in satisfaction, partial or complete, of a debt owed by Borrower.

## 7. COLLECTIONS.

(a) Borrower shall direct all of its Account Debtors to make all payments on the Accounts directly to a post office box (the "**Lock Box**") designated by, and under the exclusive control of, Bank or another financial institution acceptable to Bank. Borrower shall establish an account (the "**Lock Box Account**") in Borrower's name with Bank or such other financial institution acceptable to Bank, into which all payments received in the Lock Box shall be deposited, and into which Borrower will immediately deposit all payments made for Inventory or services and received by Borrower in the identical form in which such payments were made, whether by cash or check. If Borrower, any Affiliate or Subsidiary, or any shareholder, officer, director, employee or agent of Borrower or any Affiliate or Subsidiary, or any other Person acting for or in concert with Borrower shall receive any monies, checks, notes, drafts or other payments relating to or as proceeds of Accounts or other Collateral, Borrower and each such Person shall receive all such items in trust for, and as the sole and exclusive property of, Bank and, immediately upon receipt thereof, shall remit the same (or cause the same to be remitted) in kind to the Lock Box Account. If the Lock Box Account is not established with Bank, the financial institution with which the Lock Box Account is established shall acknowledge and agree, in a manner satisfactory to Bank, that the amounts on deposit in such Lock Box Account are the sole and exclusive property of Bank, that such financial institution has no right to setoff against the Lock Box Account or against any other account maintained by such financial institution into which the contents of the Lock Box Account are transferred, and that such financial institution shall wire, or otherwise transfer in immediately available funds in a manner satisfactory to Bank, funds deposited in the Lock Box Account on a daily basis as such funds are collected. Borrower agrees that all payments made to such Lock Box Account or otherwise received by Bank, whether in respect of the Accounts or as proceeds of other Collateral or otherwise, will be applied on account of the Liabilities in accordance with the terms of this Agreement. If the Lock Box Account is established with Bank, Borrower agrees to pay all fees, costs and expenses which Bank incurs in connection with opening and maintaining the Lock Box Account and depositing for collection by Bank any check or other item of payment received by Bank.

on account of the Liabilities. All of such fees, costs and expenses shall constitute Loans hereunder, shall be payable to Bank by Borrower upon demand, and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder. All checks, drafts, instruments and other items of payment or proceeds of Collateral shall be endorsed by Borrower to Bank, and, if that endorsement of any such item shall not be made for any reason, Bank is hereby irrevocably authorized to endorse the same on Borrower's behalf. For the purpose of this paragraph, Borrower irrevocably hereby makes, constitutes and appoints Bank (and all Persons designated by Bank for that purpose) as Borrower's true and lawful attorney and agent-in-fact (i) to endorse Borrower's name upon said items of payment and/or proceeds of Collateral and upon any Chattel Paper, document, instrument, invoice or similar document or agreement relating to any Account of Borrower or goods pertaining thereto; (ii) to take control in any manner of any item of payment or proceeds thereof; and (iii) to have access to any lock box or postal box into which any of Borrower's mail is deposited, and open and process all mail addressed to Borrower and deposited therein.

(b) Bank may, at any time and from time to time, whether before or after notification to any Account Debtor and whether before or after the maturity of any of the Liabilities, (i) enforce collection of any of Borrower's Accounts or contract rights by suit or otherwise; (ii) exercise all of Borrower's rights and remedies with respect to proceedings brought to collect any Accounts; (iii) surrender, release or exchange all or any part of any Accounts, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder; (iv) sell or assign any Account of Borrower upon such terms, for such amount and at such time or times as Bank deems advisable; (v) prepare, file and sign Borrower's name on any proof of claim in bankruptcy or other similar document against any Account Debtor; and (vi) do all other acts and things which are necessary, in Bank's sole discretion, to fulfill Borrower's obligations under this Agreement and to allow Bank to collect the Accounts. In addition to any other provision hereof, Bank may at any time, whether before or after the occurrence of an Event of Default, at Borrower's expense, notify any parties obligated on any of the Accounts to make payment directly to Bank of any amounts due or to become due thereunder.

(c) Bank shall, within one (1) business days after receipt by Bank at its office in Chicago, Illinois of cash or other immediately available funds from collections of items of payment and proceeds of any Collateral, apply the whole or any part of such collections or proceeds against the Liabilities in such order as Bank shall determine in its sole discretion.

(d) Bank, in its sole discretion, without waiving or releasing any obligation, liability or duty of Borrower under this Agreement or the Other Agreements or any Event of Default, may at any time or times hereafter, but shall not be obligated to, pay, acquire or accept an assignment of any security interest, lien, encumbrance or claim asserted by any Person in, upon or against the Collateral. All sums paid by Bank in respect thereof and all costs, fees and expenses including, without limitation, reasonable attorney fees, all court costs and all other charges relating thereto incurred by Bank shall constitute Loans, payable by Borrower to Bank on demand and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder.

(e) Immediately upon Borrower's receipt of any portion of the Collateral evidenced by an agreement, Instrument or Document, including, without limitation, any Chattel Paper, Borrower shall deliver the original thereof to Bank together with an appropriate endorsement or other specific evidence of assignment thereof to Bank (in form and substance acceptable to Bank). If an endorsement or assignment of any such items shall not be made for any reason, Bank is hereby irrevocably authorized, as Borrower's attorney and agent-in-fact, to endorse or assign the same on Borrower's behalf.

## **8. SCHEDULES AND REPORTS.**

(a) Within ten (10) days after the close of each calendar month, and at such other times as may be requested by Bank from time to time hereafter, Borrower shall deliver to Bank (i) a schedule identifying each Eligible Account together with copies of the invoices when requested by Bank (with evidence of shipment attached) pertaining to each such Eligible Account, for the month (or other applicable period) immediately preceding; (ii) such additional schedules, certificates, reports and information with respect to the Collateral as Bank may from time to time require; and (iii) an assignment of any or all items of Collateral to Bank. Bank, through its officers, employees or agents, shall have the right, at any time and from time to time in Bank's name, in the name of a nominee of Bank or in Borrower's name, to verify the validity, amount or any other matter relating to any of Borrower's Accounts, by mail, telephone, telegraph or otherwise. Borrower shall reimburse Bank, on demand, for all costs, fees and expenses incurred by Bank in this regard.

(b) Without limiting the generality of the foregoing, Borrower shall deliver to Bank, at least once a month (or more frequently when requested by Bank), a report with respect to Borrower's Inventory. Borrower shall immediately notify Bank of any event causing loss or depreciation in value of Borrower's Inventory (other than normal depreciation occurring in the ordinary course of business).

(c) All schedules, certificates, reports, and assignments and other items delivered by Borrower to Bank hereunder shall be executed by an authorized representative of Borrower and shall be in such form and contain such information as Bank shall specify.

## **9. TERMINATION.**

This Agreement shall be in effect from the date hereof until November 15, 1992 (the "Original Term") and shall automatically renew itself from year to year thereafter (each such one-year renewal being referred to herein as a "Renewal Term") unless (a) Bank makes demand for repayment prior to the end of the Original Term or the then current Renewal Term; (b) the due date of the Liabilities is accelerated pursuant to paragraph 13 hereof; or (c) Borrower elects to terminate this Agreement at the end of the Original Term or at the end of any Renewal Term by giving Bank written notice of such election at least ninety (90) days prior to the end of the Original Term or the then current Renewal Term and by paying all of the Liabilities in full on the last day of such term. If one or more of the events specified in clauses (a), (b) and (c) occurs, this Agreement shall terminate on the date thereafter that the Liabilities are paid in full, provided, however, that the security interests and liens created under this Agreement and the Other Agreements shall survive such termination until the payment of the Liabilities has become indefeasible. At such time as Borrower has repaid all of the Liabilities and this Agreement has terminated, Borrower shall deliver to Bank a release, in form and substance satisfactory to Bank, of all obligations and liabilities of Bank and its officers, directors, employees, agents, parents, subsidiaries and affiliates to Borrower, and if Borrower is obtaining new financing from another lender, Borrower shall deliver such lender's indemnification of Bank, in form and substance satisfactory to Bank, for checks which Bank has credited to Borrower's account, but which subsequently are dishonored for any reason. If, during the term of this Agreement, Borrower prepays all or any portion of the Liabilities, and in connection therewith, either (a) permits any security agreement, financing statement or analogous instrument to be executed or filed with respect to the Collateral for the benefit of someone other than Bank, or (b) creates, incurs or assumes any liability for borrowed money (except for borrowings from Bank and borrowings permitted pursuant to paragraph 10(q) hereof), Borrower agrees to pay to Bank, as a prepayment fee, in addition to the payment of all other Liabilities, an amount equal to the product of (i) fifty percent (50%) of the average monthly interest earned by Bank on the Loans made hereunder preceding the date of prepayment, multiplied by (ii) the number of full and partial months remaining from the date of prepayment to the end of the Original Term or the then current Renewal Term.

## 10. REPRESENTATIONS, WARRANTIES AND COVENANTS.

Borrower hereby represents, warrants and covenants that:

### material

(a) the financial statements delivered or to be delivered by Borrower to Bank at or prior to the date of this Agreement and at all times subsequent thereto accurately reflect the financial condition of Borrower, and there has been no adverse change in the financial condition, the operations or any other status of Borrower since the date of the financial statements delivered to Bank most recently prior to the date of this Agreement;

(b) the office where Borrower keeps its books, records and accounts (or copies thereof) concerning the Collateral, Borrower's principal place of business and all of Borrower's other places of business, locations of Collateral and post office boxes are as set forth in Exhibit B; Borrower shall promptly (but in no event less than ten (10) days prior thereto) advise Bank in writing of the proposed opening of any new place of business, the closing of any existing place of business, any change in the location of Borrower's books, records and accounts (or copies thereof) or the opening or closing of any post office box of Borrower;

(c) the Collateral, including, without limitation, the Equipment (except any part thereof which prior to the date of this Agreement Borrower shall have advised Bank in writing consists of Collateral normally used in more than one state) is and shall be kept, or, in the case of vehicles, based, only at the addresses set forth on the first page of this Agreement or on Exhibit B, and at other locations within the continental United States of which Bank has been advised by Borrower in writing;

(d) if any of the Collateral consists of Goods of a type normally used in more than one state, whether or not actually so used, Borrower shall immediately give written notice to Bank of any use of any such Goods in any state other than a state in which Borrower has previously advised Bank such Goods shall be used, and such Goods shall not, unless Bank shall otherwise consent in writing, be used outside of the continental United States;

(e) no security agreement, financing statement or analogous instrument exists or shall exist with respect to any of the Collateral other than any security agreement, financing statement or analogous instrument evidencing security interests in favor of Bank or evidencing Permitted Liens;

(f) each Account or item of inventory which Borrower shall, expressly or by implication, request Bank to classify as an Eligible Account or as Eligible Inventory, respectively, shall, as of the time when such request is made, conform in all respects to the requirements of such classification as set forth in the respective definitions of "Eligible Account" and "Eligible Inventory" as set forth herein and as otherwise established by Bank from time to time, and Borrower shall promptly notify Bank in writing if any such Eligible Account or Eligible Inventory shall subsequently become ineligible;

(g) Borrower is and shall at all times during the Original Term or any Renewal Term be the lawful owner of all Collateral now purportedly owned or hereafter purportedly acquired by Borrower, free from all liens, claims, security interests and encumbrances whatsoever, whether voluntarily or involuntarily created and whether or not perfected, other than the Permitted Liens;

(h) Borrower has the right and power and is duly authorized and empowered to enter into, execute and deliver this Agreement and the Other Agreements and perform its obligations hereunder and thereunder; Borrower's execution, delivery and performance of this Agreement and the Other Agreements does not and shall not conflict with the provisions of any statute, regulation, ordinance or rule of law, or any agreement, contract or other document which may now or hereafter be binding on Borrower, and Borrower's execution, delivery and performance of this Agreement and the Other Agreements shall not result in the imposition of any lien or other encumbrance upon any of Borrower's property under any existing indenture, mortgage, deed of trust, loan or credit agreement or other agreement or instrument by which Borrower or any of its property may be bound or affected;

(i) there are no actions or proceedings which are pending or threatened against Borrower which might result in any material adverse change in its financial condition or materially adversely affect the Collateral and Borrower shall, promptly upon becoming aware of any such pending or threatened action or proceeding, give written notice thereof to Bank;

(j) Borrower has obtained all licenses, authorizations, approvals and permits, the lack of which would have a material adverse effect on the operation of its business, and Borrower is and shall remain in compliance in all material respects with all applicable federal, state, local and foreign statutes, orders, regulations, rules and ordinances (including, without limitation, statutes, orders, regulations, rules and ordinances relating to taxes, employer and employee contributions and similar items, securities, employee retirement and welfare benefits, employee health and safety or environmental matters), the failure to comply with which would have a material adverse effect on its business, property, assets, operations or condition, financial or otherwise;

(k) all written information now, heretofore or hereafter furnished by Borrower to Bank is and shall be true and correct as of the date with respect to which such information was or is furnished;

(l) Borrower is not conducting, permitting or suffering to be conducted, nor shall it conduct, permit or suffer to be conducted, any activities pursuant to or in connection with which any of the Collateral is now, or will (while any Liabilities remain outstanding) be owned by any Affiliate; provided, however, that Borrower may enter into transactions with Affiliates in the ordinary course of business pursuant to terms that are no less favorable to Borrower than the terms upon which such transfers or transactions would have been made had they been made to or with a Person that is not an Affiliate and, in connection therewith, may transfer cash or property to Affiliates for fair value;

(m) Borrower's name has always been as set forth on the first page of this Agreement and Borrower uses no tradenames or division names in the operation of its business, except as otherwise disclosed in writing to Bank; Borrower shall notify Bank in writing within ten (10) days of the change of its name or the use of any tradenames or division names not previously disclosed to Bank in writing;

(n) with respect to Borrower's Equipment: (i) Borrower has good and indefeasible and merchantable title to and ownership of all Equipment, including, without limitation, the Equipment described or listed on the schedule of Equipment delivered to Bank concurrently with this Agreement; (ii) Borrower shall keep and maintain the Equipment in good operating condition and repair and shall make all necessary replacements thereof and renewals thereto so that the value and operating efficiency thereof shall at all times be preserved and maintained; (iii) Borrower shall not permit any such items to become a fixture to real estate or an accession to other personal property; and (iv) Borrower, immediately on demand by Bank, shall deliver to Bank any and all evidence of ownership of, including, without limitation, certificates of title and applications of title to, any of the Equipment;

(o) this Agreement and the Other Agreements to which Borrower is a party are the legal, valid and binding obligations of Borrower and are enforceable against Borrower in accordance with their respective terms;

(p) Borrower is solvent, is able to pay its debts as they become due and has capital sufficient to carry on its business, now owns property having a value both at fair valuation and at present fair saleable value greater than the amount required to pay its debts, and will not be rendered insolvent by the execution and delivery of this Agreement or any of the Other Agreements or by completion of the transactions contemplated hereunder or thereunder;



(q) Borrower is not now obligated, nor shall it create, incur, assume or become obligated (directly or indirectly), for any loans or other indebtedness for borrowed money other than the Loans, except that Borrower may (i) borrow money from a Person other than Bank on an unsecured and subordinated basis if a subordination agreement in favor of Bank and in form and substance satisfactory to Bank is executed and delivered to Bank relative thereto; (ii) maintain any present indebtedness to any Person which has been disclosed to Bank in writing and consented to in writing by Bank; and (iii) incur unsecured indebtedness to trade creditors in the ordinary course of Borrower's business;

(r) Borrower does not own any margin securities, and none of the proceeds of the Loans hereunder shall be used for the purpose of purchasing or carrying any margin securities or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase any margin securities or for any other purpose not permitted by Regulation G or Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time;

(s) except as otherwise disclosed in writing to Bank, Borrower has no Parents, Subsidiaries or divisions, nor is Borrower engaged in any joint venture or partnership with any other Person;

(t) if Borrower is a corporation or partnership, Borrower is duly organized and in good standing in its state of organization and Borrower is duly qualified and in good standing in all states where the nature and extent of the business transacted by it or the ownership of its assets makes such qualification necessary;

(u) Borrower is not in default under any material contract, lease or commitment to which it is a party or by which it is bound, nor does Borrower know of any dispute regarding any contract, lease or commitment which is material to the continued financial success and well-being of Borrower;

(v) there are no controversies pending or threatened between Borrower and any of its employees, other than employee grievances arising in the ordinary course of business which are not, in the aggregate, material to the continued financial success and well-being of Borrower, and Borrower is in compliance in all material respects with all federal and state laws respecting employment and employment terms, conditions and practices; and

(w) Borrower possesses, and shall continue to possess, adequate licenses, patents, patent applications, copyrights, service marks, trademarks, trademark applications, tradestyles and tradenames to continue to conduct its business as heretofore conducted by it.

Borrower represents, warrants and covenants to Bank that all representations, warranties and covenants of Borrower contained in this Agreement (whether appearing in paragraphs 10 or 11 hereof or elsewhere) shall be true at the time of Borrower's execution of this Agreement, shall survive the execution, delivery and acceptance hereof by the parties hereto and the closing of the transactions described herein or related hereto, shall remain true until the repayment in full of all of the Liabilities and termination of this Agreement, and shall be remade by Borrower at the time each Loan is made pursuant to this Agreement.

## 11. ADDITIONAL COVENANTS OF BORROWER.

Until payment or satisfaction in full of all Liabilities and termination of this Agreement, unless Borrower obtains Bank's prior written consent waiving or modifying any of Borrower's covenants hereunder in any specific instance, Borrower agrees as follows:

(a) Borrower shall at all times keep accurate and complete books, records and accounts with respect to all of Borrower's business activities, in accordance with sound accounting practices and generally accepted accounting principles consistently applied, and shall keep such books, records and accounts, and any copies thereof, only at the addresses indicated for such purpose on Exhibit B;

(b) Borrower agrees to deliver to Bank the following financial information, all of which shall be prepared in accordance with generally accepted accounting principles consistently applied: (i) no later than ~~twenty (20)~~ seventeen (17) days after each calendar month, copies of internally prepared financial statements, including, without limitation, balance sheets and statements of income, retained earnings and cash flow of Borrower, ~~certified by the Chief Financial Officer of Borrower;~~ certified by the Chief Financial Officer of Borrower; (ii) no later than ~~thirty (30)~~ thirty (30) days after the end of each of the first three quarters of Borrower's fiscal year a balance sheet, operating statement and reconciliation of surplus of Borrower, which quarterly financial statements may be unaudited but shall be certified by the Chief Financial Officer of Borrower; and (iii) no later than seventy-five (75) days after the end of each of Borrower's fiscal years, annual financial statements certified by independent certified public accountants selected by Borrower and reasonably satisfactory to Bank, which financial statements shall be accompanied by a letter from such accountants acknowledging that they are aware that a primary intent of Borrower in obtaining such financial statements is to influence Bank and that Bank is relying upon such financial statements in connection with the exercise of its rights hereunder;

(c) Borrower shall promptly advise Bank in writing of any material adverse change in the business, assets or condition, financial or otherwise, of Borrower, the occurrence of any Event of Default hereunder or the occurrence of any event which, if uncured, will become an Event of Default hereunder after notice or lapse of time (or both);

(d) Bank, or any Persons designated by it, shall have the right, at any time, to call at Borrower's places of business at any reasonable times, and, without hindrance or delay, to inspect the Collateral and to inspect, audit, check and make extracts from Borrower's books, records, journals, orders, receipts and any correspondence and other data relating to Borrower's business, the Collateral or any transactions between the parties hereto, and shall have the right to make such verification concerning Borrower's business as Bank may consider reasonable under the circumstances. Borrower shall furnish to Bank such information relevant to Bank's rights under this Agreement as Bank shall at any time and from time to time request. Borrower authorizes Bank to discuss the affairs, finances and business of Borrower with any officers, employees or directors of Borrower or with any Affiliate or the officers, employees or directors of any Affiliate, and to discuss the financial condition of Borrower with Borrower's independent public accountants. Any such discussions shall be without liability to Bank or to Borrower's independent public accountants. Borrower shall pay to Bank all customary fees and out-of-pocket expenses incurred by Bank in the exercise of its rights hereunder, and all of such fees and expenses shall constitute Loans hereunder, payable on demand and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder;

(e) Borrower shall:

(i) keep the Collateral properly housed and shall keep the Collateral insured for the full insurable value thereof against loss or damage by fire, theft, explosion, sprinklers, collision (in the case of motor vehicles) and such other risks as are customarily insured against by Persons engaged in businesses similar to that of Borrower with such companies, in such amounts and under policies in such form as shall be satisfactory to Bank. Original (or certified) copies of such policies of insurance have been or shall be delivered to Bank within fifteen (15) days after the date hereof, together with evidence of payment of all premiums therefor, and shall contain an endorsement, in form and substance acceptable to Bank, showing loss under such insurance policies payable to Bank. Such endorsement, or an independent instrument furnished to Bank, shall provide that the insurance company shall give Bank at least thirty (30) days written notice before any such policy of insurance is altered or cancelled and that no act, whether willful or negligent, or default of Borrower or any other Person shall affect the right of Bank to recover under such policy of insurance in case of loss or damage. Borrower hereby directs



all insurers under such policies of insurance to pay all proceeds payable thereunder directly to Bank. Borrower irrevocably, makes, constitutes and appoints Bank (and all officers, employees or agents designated by Bank) as Borrower's true and lawful attorney (and agent-in-fact) for the purpose of making, settling and adjusting claims under such policies of insurance, endorsing the name of Borrower on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and making all determinations and decisions with respect to such policies of insurance; and

(ii) maintain, at its expense, such public liability and third party property damage insurance as is customary for Persons engaged in businesses similar to that of Borrower with such companies and in such amounts, with such deductibles and under policies in such form as shall be satisfactory to Bank and original (or certified) copies of such policies have been or shall be delivered to Bank within fifteen (15) days after the date hereof, together with evidence of payment of all premiums therefor; each such policy shall contain an endorsement showing Bank as additional insured thereunder and providing that the insurance company shall give Bank at least thirty (30) days written notice before any such policy shall be altered or cancelled.

If Borrower at any time or times hereafter shall fail to obtain or maintain any of the policies of insurance required above or to pay any premium in whole or in part relating thereto, then Bank, without waiving or releasing any obligation or default by Borrower hereunder, may (but shall be under no obligation to) obtain and maintain such policies of insurance and pay such premiums and take such other actions with respect thereto as Bank deems advisable. All sums disbursed by Bank in connection with any such actions, including, without limitation, court costs, expenses, other charges relating thereto and reasonable attorneys' fees, shall constitute Loans hereunder and shall be payable on demand by Borrower to Bank and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder;

(f) Borrower shall not use the Collateral, or any part thereof, in any unlawful business or for any unlawful purpose or use or maintain any of the Collateral in any manner that does or could result in material damage to the environment or a violation of any applicable environmental laws, rules or regulations; shall keep the Collateral in good condition, repair and order; shall permit Bank to examine any of the Collateral at any time and wherever the Collateral may be located; shall not permit the Collateral, or any part thereof, to be levied upon under execution, attachment, distraint or other legal process; shall not sell, lease, grant a security interest in or otherwise dispose of any of the Collateral except as expressly permitted by this Agreement; and shall not secrete or abandon any of the Collateral, or remove or permit removal of any of the Collateral from any of the locations listed on Exhibit B or in any written notice to Bank pursuant to paragraph 10(b) hereof, except for the removal of Inventory sold in the ordinary course of Borrower's business as permitted herein;

(g) all monies and other property obtained by Borrower from Bank pursuant to this Agreement will be used solely for business purposes of Borrower;

(h) Borrower shall, at the request of Bank, indicate on its records concerning the Collateral a notation, in form satisfactory to Bank, of the security interest of Bank hereunder, and Borrower shall not maintain duplicates or copies of such records at any address other than Borrower's principal place of business set forth on the first page of this Agreement;

(i) Borrower shall file all required tax returns and pay all of its taxes when due, including, without limitation, taxes imposed by federal, state or municipal agencies, and shall cause any liens for taxes to be promptly released; provided, that Borrower shall have the right to contest the payment of such taxes in good faith by appropriate proceedings so long as (i) the amount so contested is shown on Borrower's financial statements, (ii) the contesting of any such payment does not give rise to a lien for taxes, (iii) Borrower keeps on deposit with Bank (such deposit to be held without interest) an amount of money which, in the sole judgment of Bank, is sufficient to pay such taxes and any interest or penalties that may accrue thereon, and (iv) if Borrower fails to prosecute such contest with reasonable diligence, Bank may apply the money so deposited in payment of such taxes. If Borrower fails to pay any such taxes and in the absence of any such contest by Borrower, Bank may (but shall be under no obligation to) advance and pay any sums required to pay any such taxes and/or to secure the release of any lien therefor, and any sums so advanced by Bank shall constitute Loans hereunder, shall be payable by Borrower to Bank on demand, and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder;

(j) Borrower shall not assume, guarantee or endorse, or otherwise become liable in connection with, the obligations of any Person, except by endorsement of instruments for deposit or collection or similar transactions in the ordinary course of business;

(k) Borrower shall not enter into any merger or consolidation, or sell, lease or otherwise dispose of all or substantially all of its assets, or enter into any transaction outside the ordinary course of Borrower's business, including, without limitation, any purchase, redemption or retirement of any shares of any class of its stock, and any issuance of any shares of, or warrants or other rights to receive or purchase any shares of, any class of its stock;

(l) Borrower shall not declare or pay any dividend or other distribution (whether in cash or in kind) on any class of its stock (if Borrower is a corporation) or on account of any equity interest in Borrower (if Borrower is a partnership or other type of entity);

(m) Borrower shall not purchase or otherwise acquire, or contract to purchase or otherwise acquire, the obligations or stock of any Person, other than direct obligations of the United States;

(n) Borrower shall not amend its organizational documents or change its fiscal year;

(o) Borrower's tangible net worth shall not at any time be less than <sup>\$8,000,000</sup> that shown on the financial statement most recently presented to Bank prior to the date hereof. **"Tangible Net Worth"** being defined for purposes of this paragraph as Borrower's shareholders' equity (including retained earnings) less the book value of all intangible assets plus the amount of any LIFO reserve, all as determined under generally accepted accounting principles applied on a basis consistent with the aforesaid financial statement; and

(p) Borrower shall reimburse Bank for all costs and expenses, including, without limitation, legal expenses and reasonable attorneys' fees, incurred by Bank in connection with documentation and consummation of this transaction and any other transactions between Borrower and Bank, including, without limitation, Uniform Commercial Code and other public record searches, lien filings, Federal Express or similar express or messenger delivery, appraisal costs, surveys, title insurance and environmental audit or review costs, and in seeking to collect, protect or enforce any rights in or to the Collateral or incurred by Bank in seeking to collect any Liabilities and to administer and enforce any of Bank's rights under this Agreement. Borrower shall also pay all normal service charges with respect to all accounts maintained by Borrower with Bank and for any additional services requested by Borrower from Bank. All such costs, expenses and charges shall constitute Loans hereunder, shall be payable by Borrower to Bank on demand, and, until paid, shall bear interest at the highest rate then applicable to Loans hereunder.

## 12. DEFAULT.

The occurrence of any one or more of the following events shall constitute an **"Event of Default"** by Borrower hereunder:

(a) the failure of any Obligor to pay when due, declared due, or demanded by Bank, any of the Liabilities;

(b) the failure of any Obligor to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of such Obligor under this Agreement or any of the Other Agreements; **provided, that any such failure by Borrower under this Agreement shall not constitute an Event of Default hereunder until the fifth (5th) day following written notice thereof;**

(c) the failure of any Obligor to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of such Obligor under any other agreement with any Person if such failure may have a material adverse effect on such Obligor's business property, assets, operations or condition, financial or otherwise;

(d) the making or furnishing by any Obligor to Bank of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or the Other Agreements or in connection with any other agreement between such Obligor and Bank, which is untrue or misleading in any respect;

(e) the loss, theft, damage or destruction of, or (except as permitted hereby) sale, lease or furnishing under a contract of service of, any of the Collateral;

(f) the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon any of the Collateral, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(g) the commencement of any proceedings in bankruptcy by or against any Obligor or for the liquidation or reorganization of any Obligor, or alleging that such Obligor is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of any Obligor's debts, whether under the United States Bankruptcy Code or under any other law, whether state or federal, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving any Obligor; provided, however, that if such commencement of proceedings against such Obligor is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within thirty (30) days after the commencement of such proceedings;

(h) the appointment of a receiver or trustee for any Obligor, for any of the Collateral or for any substantial part of any Obligor's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of any Obligor which is a corporation or a partnership; provided, however, that if such appointment or commencement of proceedings against such Obligor is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within thirty (30) days after the commencement of such proceedings;

(i) the entry of any judgment or order against any Obligor which remains unsatisfied or undischarged and in effect for thirty (30) days after such entry without a stay of enforcement or execution;

(j) the death of any Obligor who is a natural Person, or of any partner of any Obligor which is a partnership, or of any natural Person who owns a material interest in a corporate Obligor, or the dissolution of any Obligor which is a partnership or corporation;

(k) the occurrence of an event of default under, or the revocation or termination of, any agreement, instrument or document executed and delivered by any Person to Bank pursuant to which such Person has guaranteed to Bank the payment of all or any of the Liabilities or has granted Bank a security interest in or lien upon some or all of such Person's real and/or personal property to secure the payment of all or any of the Liabilities;

(l) the institution in any court of a criminal proceeding against any Obligor, or the indictment of any Obligor for any crime; and

(m) Bank shall reasonably feel insecure for any material reason whatsoever, including, without limitation, fear of removal or waste of the Collateral, or any part thereof.

### **13. REMEDIES UPON AN EVENT OF DEFAULT.**

(a) Upon the occurrence of an Event of Default described in paragraph 12(g) hereof, all of Borrower's Liabilities shall immediately and automatically become due and payable, without notice of any kind. Upon the occurrence of any other Event of Default, all Liabilities may, at the option of Bank, and without demand, notice or legal process of any kind, be declared, and immediately shall become, due and payable.

(b) Upon the occurrence of an Event of Default, Bank may exercise from time to time any rights and remedies available to it under the Uniform Commercial Code and any other applicable law in addition to, and not in lieu of, any rights and remedies expressly granted in this Agreement or in any of the Other Agreements and all of Bank's rights and remedies shall be cumulative and non-exclusive to the extent permitted by law. In particular, but not by way of limitation of the foregoing, Bank may, without notice, demand or legal process of any kind, take possession of any or all of the Collateral (in addition to Collateral of which it already has possession), wherever it may be found, and for that purpose may pursue the same wherever it may be found, and may enter into any of Borrower's premises where any of the Collateral may be, and search for, take possession of, remove, keep and store any of the Collateral until the same shall be sold or otherwise disposed of, and Bank shall have the right to store the same at any of Borrower's premises without cost to Bank. At Bank's request, Borrower shall, at Borrower's expense, assemble the Collateral and make it available to Bank at one or more places to be designated by Bank and reasonably convenient to Bank and Borrower. Borrower recognizes that if Borrower fails to perform, observe or discharge any of its Liabilities under this Agreement or the Other Agreements, no remedy at law will provide adequate relief to Bank, and agrees that Bank shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages. Any notification of intended disposition of any of the Collateral required by law will be deemed reasonably and properly given if given at least five (5) calendar days before such disposition. Any proceeds of any disposition by Bank of any of the Collateral may be applied by Bank to the payment of expenses in connection with the Collateral, including, without limitation, legal expenses and reasonable attorneys' fees, and any balance of such proceeds may be applied by Bank toward the payment of such of the Liabilities, and in such order of application, as Bank may from time to time elect.

### **14. INDEMNIFICATION.**

Borrower agrees to defend (with counsel satisfactory to Bank), protect, indemnify and hold harmless Bank, each affiliate or subsidiary of Bank, and each of their respective officers, directors, employees, attorneys and agents (each an "Indemnified Party") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature (including, without limitation, the disbursements and the reasonable fees of counsel for each Indemnified Party in connection with any investigative, administrative or judicial proceeding, whether or not the Indemnified Party shall be designated a party thereto), which may be imposed on, incurred by, or asserted against, any Indemnified Party (whether direct, indirect or consequential and whether based on any federal, state or local laws or regulations, including, without limitation, securities, environmental and commercial laws and regulations, under common law or in equity, or based on contract or otherwise) in any manner relating to or arising out of this Agreement or any Other Agreement, or any act, event or transaction related or attendant thereto, the making and the management of the Loans or any letters of credit or the use or intended use of the proceeds of the Loans or any letters of credit; provided, however, that Borrower shall not have any obligation hereunder to any Indemnified Party with respect to matters caused by or resulting from the willful misconduct or gross negligence of such Indemnified Party. To the extent that the undertaking to indemnify set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, Borrower shall satisfy such undertaking to the maximum extent permitted by applicable law. Any liability, obligation, loss, damage, penalty, cost or

expense covered by this indemnity shall be paid to each Indemnified Party on demand, and, failing prompt payment, shall, together with interest thereon at the highest rate then applicable to Loans hereunder from the date incurred by each Indemnified Party until paid by Borrower, be added to the Liabilities of Borrower and be secured by the Collateral. The provisions of this paragraph 14 shall survive the satisfaction and payment of the other Liabilities and the termination of this Agreement.

## **15. NOTICE.**

All written notices and other written communications with respect to this Agreement shall be sent by ordinary, certified or overnight mail, by telecopy or delivered in person, and in the case of Bank shall be sent to it at LaSalle and Monroe Streets, Chicago, Illinois 60603, Attention: Asset Based Lending Division and in the case of Borrower shall be sent to it at its principal place of business set forth on the first page of this Agreement.

## **16. CHOICE OF GOVERNING LAW; CONSTRUCTION; FORUM SELECTION.**

This Agreement and the Other Agreements are submitted by Borrower to Bank for Bank's acceptance or rejection at Bank's principal place of business as an offer by Borrower to borrow monies from Bank now and from time to time hereafter, and shall not be binding upon Bank or become effective until accepted by Bank, in writing, at said place of business. If so accepted by Bank, this Agreement and the Other Agreements shall be deemed to have been made at said place of business. **THIS AGREEMENT AND THE OTHER AGREEMENTS SHALL BE GOVERNED AND CONTROLLED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS AS TO INTERPRETATION, ENFORCEMENT, VALIDITY, CONSTRUCTION, EFFECT, AND IN ALL OTHER RESPECTS, INCLUDING, WITHOUT LIMITATION, THE LEGALITY OF THE INTEREST RATE AND OTHER CHARGES, BUT EXCLUDING THE PERFECTION OF THE SECURITY INTERESTS IN THE COLLATERAL, WHICH SHALL BE GOVERNED AND CONTROLLED BY THE LAWS OF THE RELEVANT JURISDICTION.** If any provision of this Agreement shall be held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or remaining provisions of this Agreement.

To induce Bank to accept this Agreement, Borrower irrevocably agrees that, subject to Bank's sole and absolute election, **ALL ACTIONS OR PROCEEDINGS IN ANY WAY, MANNER OR RESPECT, ARISING OUT OF OR FROM OR RELATED TO THIS AGREEMENT, THE OTHER AGREEMENTS OR THE COLLATERAL SHALL BE LITIGATED IN COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS. BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURTS LOCATED WITHIN SAID CITY AND STATE.** Borrower hereby irrevocably appoints and designates the Secretary of State of Illinois, whose address is Springfield, Illinois (or any other person having and maintaining a place of business in such state whom Borrower may from time to time hereafter designate upon ten (10) days written notice to Bank and who Bank has agreed in its sole discretion in writing is satisfactory and who has executed an agreement in form and substance satisfactory to Bank agreeing to act as such attorney and agent), as Borrower's true and lawful attorney and duly authorized agent for acceptance of service of legal process. Borrower agrees that service of such process upon such person shall constitute personal service of such process upon Borrower. **BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST BORROWER BY BANK IN ACCORDANCE WITH THIS PARAGRAPH.**

## **17. MODIFICATION AND BENEFIT OF AGREEMENT.**

This Agreement and the Other Agreements may not be modified, altered or amended except by an agreement in writing signed by Borrower and Bank. Borrower may not sell, assign or transfer this Agreement, or the Other Agreements or any portion thereof, including, without limitation, Borrower's rights, titles, interest, remedies, powers or duties thereunder. Borrower hereby consents to Bank's sale, assignment, transfer or other disposition, at any time and from time to time hereafter, of this Agreement, or the Other Agreements, or of any portion thereof, or participations therein, including, without limitation, Bank's rights, titles, interest, remedies, powers and/or duties and agrees that it shall execute and deliver such documents as Bank may request in connection with any such sale, assignment, transfer or other disposition.

## **18. HEADINGS OF SUBDIVISIONS.**

The headings of subdivisions in this Agreement are for convenience of reference only, and shall not govern the interpretation of any of the provisions of this Agreement.

## **19. POWER OF ATTORNEY.**

Borrower acknowledges and agrees that its appointment of Bank as its attorney and agent-in-fact for the purposes specified in this Agreement is an appointment coupled with an interest and shall be irrevocable until all of the Liabilities are paid in full and this Agreement is terminated.

## **20. WAIVER OF JURY TRIAL; OTHER WAIVERS.**

(a) **BORROWER HEREBY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING WHICH PERTAINS DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, ANY OF THE OTHER AGREEMENTS, THE LIABILITIES, THE COLLATERAL, ANY ALLEGED TORTIOUS CONDUCT BY BORROWER OR BANK OR WHICH, IN ANY WAY, DIRECTLY OR INDIRECTLY, ARISES OUT OF OR RELATES TO THE RELATIONSHIP BETWEEN BORROWER AND BANK. IN NO EVENT SHALL BANK BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.**

(b) Borrower hereby waives demand, presentment, protest and notice of nonpayment, and further waives the benefit of all valuation, appraisal and exemption laws.

(c) **BORROWER HEREBY WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY BANK OF ITS RIGHTS TO REPOSSESS THE COLLATERAL OF BORROWER WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SUCH COLLATERAL WITHOUT PRIOR NOTICE OR HEARING.**

(d) Bank's failure, at any time or times hereafter, to require strict performance by Borrower of any provision of this Agreement or any of the Other Agreements shall not waive, affect or diminish any right of Bank thereafter to demand strict compliance and performance therewith. Any suspension or waiver by Bank of an Event of Default under this Agreement or any default under any of the Other Agreements shall not suspend, waive or affect any other Event of Default under this Agreement or any other default under any of the Other Agreements, whether the same is prior or subsequent thereto and whether of the same or of a different kind or character. No delay on the part of Bank in the exercise of any right or remedy under this Agreement or any Other Agreement shall preclude other or further exercise thereof or the exercise of any right or remedy. None of the undertakings, agreements, warranties, covenants and

representations of Borrower contained in this Agreement or any of the Other Agreements and no Event of Default under this Agreement or default under any of the Other Agreements shall be deemed to have been suspended or waived by Bank unless such suspension or waiver is in writing, signed by a duly authorized officer of Bank and directed to Borrower specifying such suspension or waiver.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the 15 day of November 19 91

**PIELET BROS. SCRAP IRON & METAL LIMITED  
PARTNERSHIP, an Illinois limited partnership**

By PIELET/TANG ENTERPRISES, INC.

Title General Partner

By

*James Pielet*

Title

President

LASALLE NATIONAL BANK

By

*Mustafa S. Alford*

Title

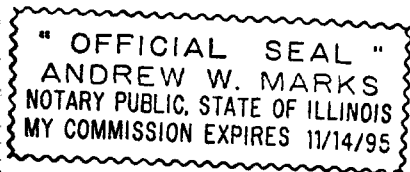
VP

ACKNOWLEDGMENT

STATE OF ILLINOIS )  
                              ) SS  
COUNTY OF COOK     )

I, Andrew W. Marks, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT James Piolet, the president of Piolet/Tang Enterprises, Inc., general partner of Piolet Bros. Scrap Iron & Metal Limited Partnership, an Illinois limited partnership, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said partnership for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 15th day of November, 1991.



Andrew W. Marks  
Notary Public

My Commission Expires:  
\_\_\_\_\_

ACKNOWLEDGMENT

STATE OF ILLINOIS     )  
                              ) SS  
COUNTY OF COOK        )

I, Andrew W. Marks, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT Christopher Clifford, a vice president of LaSalle National Bank, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such vice president, appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free and voluntary act and as the free and voluntary act of said bank; and the said officer acknowledged that he, as custodian of the corporate seal of said bank, did affix said corporate seal to said instrument as his own free and voluntary act and as the free and voluntary act of said bank for said uses and purposes.

GIVEN under my hand and notarial seal this 15th day of November, 1991.

" OFFICIAL SEAL "  
ANDREW W. MARKS  
NOTARY PUBLIC, STATE OF ILLINOIS  
MY COMMISSION EXPIRES 11/14/95

Andrew W. Marks  
Notary Public

My Commission Expires:  
  
\_\_\_\_\_

## EXHIBIT A-SPECIAL PROVISIONS

Attached to and made a part of that certain Loan and Security Agreement of even date herewith between Piolet Bros. Scrap Iron & Metal Limited Partnership ("Borrower") and LaSalle National Bank ("Bank").

### CREDIT TERMS

(1) **LOAN LIMIT:** Bank may, in its sole discretion, advance an amount up to the sum of the following sublimits (the "Loan Limit"):

- (a) Up to eighty-five percent (85%) of the face amount (less maximum discounts, credits and allowances which may be taken by or granted to Account Debtors in connection therewith) of Borrower's Eligible Accounts;
- (b) Up to fifty percent (50%) of the lower of the cost or market value of Borrower's Eligible Inventory or Two Million Seven Hundred Fifty Thousand Dollars (\$2,750,000.00), whichever is less;
- (c) Three Million Dollars (\$3,000,000.00) against Borrower's Equipment; minus
- (d) Such reserves as Bank elects, in its sole discretion, to establish from time to time;

provided, that the aggregate Loan Limit shall in no event exceed Fifteen Million Dollars (\$15,000,000.00), except as such amount may be increased or decreased by Bank, in its sole discretion, from time to time.

(2) **LETTERS OF CREDIT:** Subject to the terms and conditions of this Agreement, including this Exhibit A, and the Other Agreements, during the Original Term or any Renewal Term, Bank may, in its sole discretion from time to time issue, upon Borrower's request, Standby Letters of Credit, provided that the aggregate undrawn face amount of all such Letters of Credit shall at no time exceed Two Million Five Hundred Thousand Dollars (\$2,500,000.00). Bank's contingent liability under the Letters of Credit shall automatically reduce, dollar for dollar, the amount which Borrower may borrow based upon the Loan Limit. Payments made by Bank to any Person on account of any Letter of Credit shall constitute Loans hereunder. At no time shall the aggregate of direct Loans by Bank to Borrower plus the contingent liability of Bank under

Borrower: Piolet Bros. Scrap Iron and  
Metal Limited Partnership

Initialed for Borrower by:                     

Date: November 15, 1991

Initialed for Bank by:



the outstanding Letters of Credit be in excess of the Loan Limit. Borrower shall remit to Bank a Letter of Credit fee equal to one-twelfth percent (1/12 of 1%) per month on the aggregate undrawn face amount of all Letters of Credit outstanding, which fee shall be payable monthly in arrears on each day that interest is payable hereunder. Borrower shall also pay on demand Bank's normal and customary administrative charges for issuance of any Letter of Credit.

**(3) AVAILABILITY REDUCTIONS:**

- (a) The availability described in Paragraph (1)(c) of this Exhibit A shall be automatically curtailed by Fifty Thousand Dollars (\$50,000.00) per month, commencing on the thirtieth (30th) day following the date of disbursement under Paragraph (1)(c) of this Exhibit A and continuing on the corresponding day of each month thereafter, until the earliest to occur of: (i) the date on which said availability shall be reduced in full; (ii) the date upon which demand for repayment of the Loans is made by Bank; and (iii) the date upon which this Agreement terminates pursuant to the provisions of Paragraph 9 of the Agreement.

**(4) INTEREST RATE:**

- (i) All Loans made pursuant to Paragraphs (1)(a) and (1)(b) of this Exhibit A shall bear interest at the rate of three-quarters of one percent (.75%) per annum in excess of Bank's publicly announced prime rate (which is not intended to be Bank's lowest or most favorable rate in effect at any time) (the "Prime Rate") in effect from time to time; and (ii) all Loans made pursuant to Paragraph (1)(c) of this Exhibit A shall bear interest at the rate of one percent (1%) per annum in excess of the Prime Rate. Interest shall be payable on the last business day of each month, in arrears. Each rate of interest set forth herein shall increase or decrease with each increase or decrease in the Prime Rate, effective on the effective date of each such change in the Prime Rate. Upon the occurrence of an Event of Default, each Loan shall bear interest at the rate of two percent (2%) per annum in excess of the interest rate otherwise payable thereon, which interest shall be payable on demand. All interest shall be calculated upon the basis of a three hundred sixty (360) day year.

Borrower: Piolet Bros. Scrap Iron and  
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Initialed for Borrower by:                     

Initialed for Bank by:                     

Date: November 15, 1991

with those used to compute the recipients' federal and state income tax) to enable Bank to verify to its reasonable satisfaction that the sum of the proposed distribution and all prior distributions made under this subparagraph (a) does not exceed the amount authorized by this subparagraph (a).

(b) In addition to amounts distributed pursuant to subparagraph (a) above, Borrower shall be entitled to distribute to its partners in any fiscal year an amount equal to the lesser of (i) Five Hundred Thousand Dollars (\$500,000), or (ii) its Net Income for such fiscal year less any amounts allocable to such fiscal year which have been distributed or are distributable pursuant to subparagraph (a) above, provided that:

(i) neither an Event of Default nor any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default is in existence at the time of the distribution; and

(ii) the distribution will cause neither an Event of Default nor any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default.

"Net Income" for a fiscal year means the net income of Borrower for such fiscal year determined in accordance with generally accepted accounting principles consistently applied.

#### **ADDITIONS AND CHANGES TO DEFAULT PROVISIONS**

##### **(9) LOSS, THEFT, DAMAGE OR DESTRUCTION**

Notwithstanding Paragraph 12(e), an Event of Default shall not be deemed to have occurred upon the loss, theft, damage or destruction of any of the Collateral unless and until such time as the aggregate value of all Collateral lost, stolen, damaged or destroyed during the term of the Loan exceeds Twenty-Five Thousand Dollars (\$25,000.00).

##### **(10) ENTRY OF JUDGMENT**

Notwithstanding Paragraph 12(i), an Event of Default shall not be deemed to have occurred upon the entry of any judgment for an uninsured loss against any Obligor unless and until such time as the aggregate amount of the uninsured portion of all

**Borrower: Piolet Bros. Scrap Iron and  
Metal Limited Partnership**

**Initialed for Borrower by:**                     

**Date: November 15, 1991**

**Initialed for Bank by:**

**ADDITIONS AND CHANGES TO REPRESENTATIONS, WARRANTIES AND COVENANTS**

- (5) **LITIGATION:** The representation, warranty and covenant contained in Paragraph 10(d) of the Agreement is qualified by the following:

Borrower is the plaintiff in a lawsuit in the Northern District of Illinois, Eastern Division captioned Pielet Bros. Scrap Iron and Metal Limited Partnership v. Reynolds Metals Company No. 90 C 3807 (the "Lawsuit"). Reynolds Metals Company, the defendant in the Lawsuit, has filed a counter-claim against Borrower seeking damages and other relief.

- (6) **CAP ON AUDIT AND INVENTORY EXAM COSTS:**

Prior to the occurrence of an Event of Default, the maximum amount Borrower shall be required to pay Bank pursuant to Paragraph 11(d) of the Agreement shall be Three Thousand Dollars (\$3,000.00) per year.

- (7) **CHECKING ACCOUNT PROVISIONS:**

Borrower shall maintain its general checking account with Bank. Normal charges shall be assessed thereon. Although no compensating balance is required, Borrower must keep monthly balances in order to merit earnings credits which will cover Bank's service charges for demand deposit account activities.

- (8) **DISTRIBUTIONS**

Notwithstanding the provisions of Paragraph 11(1), Borrower may distribute to its partners in any fiscal year during the term of the Agreement the following amounts:

- (a) Borrower shall be entitled to make the mandatory distributions described in Section in Section 9.2 of the Borrower's Limited Partnership Agreement in effect as of the date of the Agreement relating to federal and state income taxes incurred by its partners as a result of its operations, provided that:

- (i) Borrower was, during the entire taxable period to which the distribution relates, a limited partnership for federal income tax purposes;
- (ii) Bank receives at least twenty-four (24) hours advance written notice of a proposed distribution with sufficient documentation of Borrower's calculations (which calculations shall be consistent

Borrower: Pielet Bros. Scrap Iron and  
Metal Limited Partnership

Initialed for Borrower by:                     

Initialed for Bank by:                     

Date: November 15, 1991

such judgments entered during the term of the Loan exceeds Twenty-Five Thousand Dollars (\$25,000.00).

**(11) DEATH OF JAMES PIELET OR CYRUS TANG**

In addition to the Events of Default set forth in Paragraph 12, the death or permanent total disability of James Pielet or Cyrus Tang or both shall constitute an Event of Default of Borrower.

**(12) CRIMINAL PROCEEDING**

Notwithstanding the provisions of Paragraph 12(1), the institution in any court of a criminal proceeding against any Obligor or the indictment of any Obligor for any crime shall not constitute an Event of Default unless in Bank's sole discretion such criminal proceeding or indictment or the outcome thereof may have a material adverse effect on Borrower.

**(13) MORTGAGE ON REYNOLDS PROPERTY**

In the event Borrower acquires fee simple title to the property located in McCook, Illinois and presently owned by Reynolds Metals Company and occupied by Borrower (the "Reynolds Property"), or in the event Borrower enters into a lease of the Reynolds Property, Borrower shall promptly so notify Bank in writing and shall deliver to Bank: (i) a Mortgage on the Reynolds Property (or the leasehold estate created by Borrower's lease of the Reynolds Property) in form and substance acceptable to Borrower, (ii) an ALTA loan policy in amount and form and subject to such title exceptions as Bank shall approve and with such title endorsements as Bank shall require, and (iii) such other reasonable documentation (including financing statements and, if appropriate, landlord's agreements) as Bank shall require.

**(14) ENVIRONMENTAL AUDITS:** Bank's rights under Paragraph 11(d) of the Agreement shall include, without limitation, the right to cause environmental audits of Borrower's properties to be conducted from time to time by environmental auditors satisfactory to Bank in its sole discretion.

**CONDITIONS TO CLOSING**

**(15) ADDITIONAL CONDITIONS TO CLOSING:** Bank shall be under no obligation to consummate the transactions contemplated by this Agreement until each of the conditions listed in this Paragraph 15 has been satisfied. Whenever a condition contained

**Borrower: Pielet Bros. Scrap Iron and  
Metal Limited Partnership**

**Initialed for Borrower by:**                     

**Initialed for Bank by:**                     

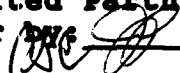
**Date: November 15, 1991**

herein requires delivery of an agreement or other document to Bank, each such agreement or other document shall be in form and substance satisfactory to Bank in its sole discretion.


(a) **Real Property as Collateral:** Borrower shall convey, mortgage, assign, transfer and pledge to Bank those certain parcels of real property commonly known as West Line of Joliet Road at 53rd Street, McCook, Illinois; 7955 West 59th Street, Argo, Illinois; and 3300-3540 State Line, Hammond, Indiana; 12900-12901 South Stony Island Avenue, Chicago, Illinois (leasehold estate only), 320 Railroad Street, Joliet, Illinois (leasehold estate only) (collectively, the "Properties" and each individually a "Property") and shall execute such documentation as Bank, in its sole discretion, deems necessary, including, without limitation, a mortgage and security agreement or similar instrument. In addition, Borrower shall furnish to Bank the following documentation with respect to each Property:

- (1) a prepaid policy of title insurance, issued by a company in such form and in such amounts as Bank may designate, subject only to such liens, charges and encumbrances as Bank may specifically permit in writing, and containing such endorsements as Bank may specify;
- (2) a survey of each Property, prepared within the six (6) month period prior to the date that the Loans are first disbursed by a surveyor approved by Bank, in accordance with ALTA standards, certified to Bank and bearing a notation that such Property is not located in a flood plain;
- (3) evidence satisfactory to Bank that each Property is in compliance with all applicable zoning laws, ordinances, rules and regulations and that the current uses thereof are permitted under such laws, ordinances, rules and regulations;
- (4) copies of all leases of each Property, certified by Borrower as being true, correct and complete, together with an estoppel certificate and a subordination and attornment agreement, all in the forms specified by Bank and executed by each tenant under such leases; and
- (5) such other documentation as Bank may request.

Borrower: Piolet Bros. Scrap Iron and  
Metal Limited Partnership

Initialed for Borrower by: 

Date: November 15, 1991

Initialed for Bank by: 

with all certificates evidencing the securities so pledged and stock powers relative thereto executed in blank:

CFR Recycling, Inc.	50 shares of common stock
Pielet Parks Enterprises, Inc.	500 shares of common stock
KFPT, Inc.	100 shares of common stock

Date: November 15, 1991

Borrower: Pielet Bros. Scrap Iron and  
Metal Limited Partnership  
Initialed for Borrower by: [Signature]  
Initialed for Bank by: [Signature]

## EXHIBIT B-BUSINESS AND COLLATERAL LOCATIONS

Attached to and made a part of that certain Loan and Security Agreement (Standard Form) of even date herewith between Pielet Bros. Scrap Iron & Metal Limited Partnership, an Illinois Limited Partnership ("Borrower") and LASALLE NATIONAL BANK ("Bank").

A. Borrower's Business Locations (please indicate which location is the principal place of business and at which locations originals and all copies of Borrower's books, records and accounts are kept).

1. Principal place of business: 7955 West 59th Street  
Argo, Illinois 60501

2. 2455 Arthur Avenue  
Elk Grove Village, Illinois 60007

3.

B. Other locations of Collateral (including, without limitation, warehouse locations, processing locations, consignment locations) and all post office boxes of Borrower. Please indicate the relationship of such location to Borrower (i.e. public warehouse, processor, etc.).

1. Joliet Road and the IHB Railroad  
McCook, Illinois 60525

2. 3300-3540 State Line  
Hammond, Indiana

3. 12900-12901 South Stoney Island  
Chicago, Illinois 60633

4. 320 Railroad Street  
Joliet, Illinois 60433

5. Northwest side of Joliet Road south of 53rd Street  
McCook, Illinois

6. Joliet Road and U.S. Highway 66  
McCook, Illinois 60525

7. Pielet Bros./Reynolds Metals Parcel  
(adjacent to Joliet Road and IHB Railroad, McCook, Illinois)  
McCook, Illinois

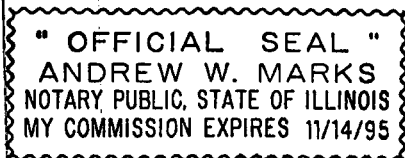


ACKNOWLEDGMENT

STATE OF ILLINOIS     )  
                              ) SS  
COUNTY OF COOK        )

I, Andrew W. Marks, a Notary Public in and for and residing in said County and State, DO HEREBY CERTIFY THAT I have compared the copy of the Loan and Security Agreement with the original and have found the copy to be complete and identical in all respects to the original document.

GIVEN under my hand and notarial seal this 26th day of August, 1992.



Andrew W. Marks  
Notary Public

My Commission Expires:

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